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NZ, SF

SUBJECT: MAY 15 MFA PRESS BRIEFING: TRADE AND SED; SUDAN;  
ADMIRAL KEATING VISIT; ROK SHIP ACCIDENT; SCO EXERCISES;  
SIX-PARTY TALKS; JAPAN, ROK AND AFRICAN MEETINGS; TAIWAN  
AND OLYMPIC TORCH; VISITS

11. Key points at the May 15 MFA Press Conference were:

-- United States-China trade is "win-win," trade frictions are natural given the volume of trade and China has made efforts to revalue the rmb. Such topics will be discussed in the upcoming Strategic Economic Dialogue (SED).

-- China plays a diplomatic role on Sudan and works with the United States on the Darfur issue. It hopes for continued peaceful consultation that respects Sudan's sovereignty.

-- China "thinks highly" of Admiral Keating's visit and hopes to push ahead with such exchanges.

-- China is conducting search-and-rescue operations after an accident involving a Chinese and ROK vessels and expresses sympathy for the victims.

-- China sees a "long road ahead" for the Six-Party Talks with "difficulties, twists and turns."

-- The MFA had no knowledge about American requests to observe upcoming military exercises of the Shanghai Cooperation Organization (SCO).

-- The Spokeswoman refused to comment on Taiwan military exercises and criticized Taiwan's failure to participate in the Olympic torch relay.

-- China will host a trilateral meeting with Japanese and ROK foreign ministry officials May 19, is considering a meeting between FM Yang and Japan's FM on the margins of the ASEM meetings in Germany in late May and is hosting African Development Bank meetings in Shanghai May 16-17, along with visits by some African Presidents.

-- President Nguyen Minh Triet of Vietnam arrived in China today for a four-day visit. Foreign Ministers from the UK, New Zealand and South Africa will visit later this month.

SED, Trade Imbalance, Exchange Rate

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12. At the May 15 regular press briefing, MFA Spokeswoman Jiang Yu said friction on trade issues between the United States and China is "quite natural" in light of the massive trade volume of USD 216.8 billion between the two countries. She stated the U.S.-China trade relationship is "win-win" and called for both sides to adopt a reasonable approach to trade issues. Responding to a question on bills in the U.S. Congress addressing the bilateral trade imbalance, Jiang expressed hope that Congress better understand Chinese policies and play an active and positive role in bilateral relations. She added that China has undertaken renminbi (RMB) exchange rate mechanism reforms since 2005 which have seen the value of the RMB grow over time.

13. On the upcoming SED, Jiang affirmed that senior officials from the Ministry of Commerce and National Development and Reform Commission (NDRC) would attend the second SED in Washington later this month to discuss a variety of issues, including bilateral trade, energy, the environment and innovation.

#### China on Sudan Criticism, Dam Project

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14. Responding to a question about the May 8 letter to President Hu by over 100 American Congressmen urging action on Darfur, Jiang reiterated her response of the previous week describing China's humanitarian and peacekeeping efforts in Sudan and noting that China appreciates the efforts of the United States. China hopes for continued cooperation to settle problems in Darfur through peaceful consultation and negotiation while respecting Sudan's sovereignty.

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15. Sudan's Merowe Dam Project is important for improving livelihoods and raising living standards of local people, the spokeswoman said in response to criticism of the project from a UPI reporter. China attaches importance to improving development capacity and environmental concerns and requests that Chinese companies abide by all local laws and regulations, she said.

#### China "Thinks Highly" of Admiral Keating Visit

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16. PACOM Commander Admiral Keating met with military and Foreign Ministry leaders as well as scholars during his May 10-14 visit to China. China "thinks highly" of the exchange and hopes to push ahead with the healthy and pragmatic development of United States-China relations.

#### Rescue Efforts for South Korean Vessel

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17. China is carrying out search-and-rescue operations to look for survivors of a maritime accident in the Bohai Sea, said Jiang, responding to questions about a Chinese ship damaging the South Korean vessel Golden Rose. Jiang said reports that rescue efforts were delayed are incorrect, adding that the Chinese government received reports of the accident on May 12. China will adopt a responsible and humanitarian attitude and expresses deep sympathy for the victims and their families.

#### Request to Observe SCO Military Exercises

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18. Jiang said she was unaware of a United States' request to observe upcoming military exercises conducted by the Shanghai Cooperation Organization (SCO). She believes SCO member countries are now consulting about the exercise.

#### Six-Party Talks: "Long Road Ahead"

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¶9. Asked for an update on the Six-Party Talks by a reporter who called attention to the passing of one month since the April 13 deadline, Jiang stressed that there is a "long road ahead" with "difficulties, twists and turns." She expressed confidence that all parties have the capacity to press ahead with the Talks and hope that the issue would be solved properly with consideration to the concerns of all parties.

#### China-Japan-ROK Meetings; Japan's Constitution

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¶10. The Foreign Ministries of China and Japan are consulting about a possible meeting of their FM's on the sidelines of the Asia-Europe (ASEM) Foreign Ministers meeting in Hamburg, Germany on May 28-29, said Jiang in response to a reporter's question. AFM Cui will attend May 19 meetings in Beijing with senior ROK and Japanese officials to carry out agreements reached at the seventh trilateral summit of these parties in January, Jiang said. The officials will discuss mechanisms for cooperation in ten fields.

¶11. All East Asian countries are closely following the issue of constitutional reform in Japan, said Jiang commenting on recently approved referendum procedures. Facts have proven peaceful development is the right road for Japan and China hopes Japan will follow this road, Jiang added.

#### Taiwan Military Exercises, Olympic Torch Route

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¶13. The spokeswoman refused to answer a question about Taiwan military exercises, stating that the Foreign Ministry does not comment on such "internal" Chinese affairs. Asked about Taiwan's refusal of Beijing's proposed route for the Olympic torch in the run-up to the 2008 Games, Jiang

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criticized a "handful of people" in Taiwan for taking advantage of the Olympics to apply pressure on Beijing, which China strongly opposes. Jiang stated that the Beijing Organization Committee for the 2008 Olympic Games has already released a statement on this issue.

#### China Hosting African Development Bank Meeting

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¶14. Asked what China's objectives were in hosting the annual board meeting of the African Development Bank in Shanghai May 16-17, the spokeswoman responded that China seeks to support Africa's development efforts through the exchange of views and experience as well as cooperation on infrastructure and poverty programs. Premier Wen, who will be attending the opening ceremony, is meeting today with the presidents of Cape Verde and Madagascar, among other African leaders.

¶15. Jiang deflected a question about whether the World Bank President should resign, stating that China believes leadership issues should be resolved through negotiation not confrontation. China has confidence the board can handle the issue and that World Bank business will not be affected. She also had no information about a Shenyang bank official whom a reporter claimed had fled to the United States nor about reports that a developer demolished a neighborhood in Beijing, evicting residents.

#### Visits: South Africa, New Zealand, UK, Vietnam

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¶16. UK Foreign Secretary Beckett will pay her first visit to China May 16-21 at FM Yang's invitation to expand and upgrade both countries' strategic cooperative partnership on the 35th anniversary of establishing diplomatic ties. She will also visit Hong Kong. At the invitation of FM Yang, South Africa FM Zuma will visit May 21-22 and New Zealand FM Peters will visit May 21-26.

¶17. President Nguyen Minh Triet of Vietnam arrived in China today for a four-day visit, during which he will meet with President Hu and other leaders to exchange views on the bilateral relationship and issues of mutual interest. The spokeswoman noted achievements in the relationship such as USD 9.95 billion in trade between the two countries in 2006 and recent headway made in border negotiations.

RANDT